

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – OCTOBER 17, 2002

PRESENT: Chairman John Byrne and Commissioners Anthony Maiola and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; Al Picconi, United Beverages, Inc.

EXCUSED: George Tsiopras, Chief Accountant

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T- D Sales Reports:

The SA1000 report for the week ending October 18, 2002 shows retail sales were up by around 11.5%, on-premise sales were up about 14.2%, while off-premise sales were down by 2.2%, and total aggregate sales showed a gain of about 10%. The traffic count increased by 11,610, but the average sale was down \$.45.

The W-1 Total Weekly Sales report for the same week confirms that total sales were up 10% or \$648,319, as they were for the year by 5.36% or \$5,336,979. Wine sales increased for the week by 13.3% or \$382,138, and also increased by 10.4% or \$4,339,700 for the year. Sales of spirits showed a gain for the week of 7.4% or \$266,181, and were also up year-to-date by 1.73% or \$1,001,915.

B. Budget Reports:

The current Outstanding Depletions and Post-Off's report as of October 15, 2002 shows there are two brokers in arrears at this time. Payment is expected from one shortly; a reply is awaited from the other broker.

Review of the latest W-6 Expense Budget Activity Variance Report indicates the year to be at about 29.3% complete, with total agency expenditures at about 29.3%. There are no issues to discuss at this time.

Contracts for Overhead Door and a rubbish amendment will be on next Wednesday's Governor and Council agenda.

Craig reminded everyone that he, John Bunnell and Howard Roundy will be attending the NABCA meeting in Pennsylvania next week.

Craig noted that credit and debit card transactions during August 2002 represented 61.5% of all transactions. They increased to 74% in September. This is a substantial increase, and we will continue to monitor it.

In response to inquiry from Chairman Byrne, John Bunnell said a meeting had been held with brokers at Law Warehouse to discuss the fiscal calendar. They were asked for feedback concerning the calendar as it presently exists and proposed changes. (United Beverages would like to leave the calendar as it presently is.) Chairman Byrne requested a meeting with John Bunnell and George Tsiopras regarding this topic.

2. IT Report

Howard said the past week had been interesting. There were credit problems late this past Saturday at Store #73 Hampton, which Howard and ACR tried to figure out. This morning a change was made to the FRAD unit, and now there are only a few errors occurring instead of a dozen per hour. This may have been the cause of the credit failure. There was also a problem with two of the ship files which was caused as a result of circuit difficulties between the Commission and Law. However, all other files have been able to be processed. No orders going out have been affected, except for the ability to bill immediately. There have still been printing difficulties. IT now has a new revised program, and problems should be resolved in a day or two. In addition, there have been problems working with Mapper hanging, which necessitate taking Mapper down and then back up every 24 to 36 hours. Howard believes the problem lies within the new Mapper version, not with the conversion changes.

II. MARKETING & SALES REPORTS

1. Store Operations

This past Monday 500 credit card accounts were down at Store #73 Hampton. The sales were made, but the data couldn't be processed. Supervisor Managers Rick O'Brien and Michael Lafond will work together to make sure it is. Everything seems to be resolved at this time.

Store sales for the week ending October 13, 2002 increased by 12.54% or \$636,213.15. Much of this increase is attributed to Columbus Day account figures.

The managers' meeting at the Capital Center for the Arts to kick-off the holiday season was very successful.

A set of plans have come in for renovations at Store #34 Salem and Store #38 Portsmouth. Chairman Byrne said he would review them after the meeting.

After approval of the final drawings, the projects will go out to bid. Peter said there are just a few loose ends to finish up at Store #21 Peterborough.

There was discussion regarding Store Operations and the capital budget. Chairman Byrne asked if expenses will be in the proposed FY 2004-2005 budget. Peter said he would check with Administrative Services to determine if they will be covered. Commissioner Maiola brought up, and discussion followed, the need for funds to cover the new Keene store.

2. Warehouse Report

John Bunnell reported the Concord Warehouse to be in good shape, with stock levels way down.

3. Purchasing Report

The out-of-stock report for this week was unavailable due to communication difficulties between Law Warehouse and the Commission.

4. Merchandising Report

A. SPIRITS:

1) Test Market Request (Giori Lemoncillo & Giori Lemoncillo Cream):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./M.S. Walker, Inc. for new test market listings for Giori Lemoncillo, 750ML size (assigned four-digit Code #5267) and Giori Lemoncillo Cream, 750ML size, (assigned four-digit Code #5269), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Special Offers for December 2002:

a. 1 item – United Beverages, Inc./Future Brands LLC:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve an additional special offer from United Beverages, Inc., based upon depletions (without matching funds) of one (1) spirit item, to be featured on sale during December 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 82 items – United Beverages, Inc.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions (without matching funds) of eighty-two (82) spirit items, to be featured on sale during December 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 124 items – United Beverages, Inc.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of eighty-two (82) spirit items, to be featured on sale during December 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

- 1) Proposed January 2003 Wine Sale:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a January 2003 wine sale at 10% off the purchase of 6 to 8 bottles, 15% off the purchase of 9 to 11 bottles, and 20% off the purchase of 12 or more bottles of wine, 750ML sizes, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Special Offers for the Months of November and December 2002 (1 item – Pine State Trading Company):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a special offer from Pine State Trading Company, based upon depletions of one (1) wine item, to be featured on sale during November and December 2002, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 3) Special Offers for the Month of December 2002:

- a. 4 items – Pine State Trading Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Pine State

Trading Company, based upon depletions of fourteen (14) wine items, to be featured on sale during December 2002, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 2 items – Perfecta Wine Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Perfecta Wine Company, based upon depletions of two (2) wine items, to be featured on sale during December 2002, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 57 items – United Beverages, Inc.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of fifty-seven (57) wine items, to be featured on sale during December 2002, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Special Offer of Trapiche:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a special offer from United Beverages, Inc. for the Commission to make a special purchase, based upon depletions of three (3) Trapiche wines, to be featured on sale during December 2002, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Renwood Special Purchase Offer:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission deny an offer from United Beverages, Inc. for the Commission to make a special purchase of two (2) Renwood wines, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 6) Recommended Allocated and Restricted Wines for Distribution to Selected Stores (16 items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve sixteen (16) allocated and restricted wines for distribution to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 7) Primary Source Submissions (4 items – primary source; 9 items – exclusive marketing agent; 11 items – imported):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of four (4) wine codes which are from primary source, nine (9) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and eleven (11) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 8) Recommended Wine Specialty Products (41 items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve forty-one (41) wine codes to be designated as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 9) Proposed Wine Sales for First Quarter of 2003 (tabled from 9/26/02):

This item was rescinded by the Marketing Department and, therefore, removed from the table. (Wine sales will be submitted on a monthly basis.)

III. ENFORCEMENT & LICENSING REPORTS

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve previously reviewed requests for bailment releases/transfers dated October 11 through October 17, 2002. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items:

- a. Special Offers for the Month of December 2002 (27 items – Pine State Trading Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions of twenty-seven (27) wine items, to be featured on sale during December 2002, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. December Special Offer (1 item – Horizon Beverage Company):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a special offer from Horizon Beverage Company, based upon depletions of one (1) spirit item, to be featured on sale during December 2002, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. December Special Offer (2 items – United Beverages, Inc.):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of two (2) spirit items, to be featured on sale during December 2002, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

John W. Byrne, Chairman

Anthony C. Maiola, Commissioner

Patricia T. Russell, Commissioner

